

**STATE LOTTERY DEPARTMENT
RICHMOND, VIRGINIA**

**REPORT ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
APRIL 1, 2000 THROUGH MARCH 31, 2001**



August 27, 2001

The Members of the Virginia State Lottery Board
900 East Main Street
Richmond, Virginia

Independent Auditor's Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Virginia Lottery Department and the other member lotteries in the states of Georgia, Illinois, Maryland, Massachusetts, Michigan, and New Jersey (referred to as the "Member Lotteries") who operate the Big Game, solely to assist the Virginia Lottery and Member Lotteries with respect to the evaluation of the following financial information associated with the Big Game: Virginia Lottery's sales and prize expense for the period April 1, 2000 through March 31, 2001, and the Virginia Lottery's receivable or payable as of March 31, 2001. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures prescribed below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

- A. We verified the mathematical accuracy of the "Draw Activity" and the "Fixed Prize Analysis" for the period April 1, 2000 to March 31, 2001 and attached those as Exhibit I and II, respectively.
- B. We randomly selected five drawings from the period April 1, 2000 to March 31, 2001 for testing as indicated in "C", "D", and "E" below.
- C. For each drawing selected, we compared the total amount of sales as shown on the daily sales report produced by the Virginia Lottery's gaming system and the total amount of sales shown on the related daily sales report produced by the Internal Control System (ICS) with the balance listed in the "Sales" column for the respective week on the "Draw Activity" report attached as Exhibit I and found them to be in agreement.

- D. We calculated the total dollar amount of the fixed prizes for the drawings selected based on the total number of winners from the Virginia Lottery's gaming system for each prize level and the prize structure of the Big Game's fixed prizes (as defined in the official game rules.) We compared the calculated expense with the amount listed in the "Actual Fixed Prizes" column for the respective drawing on the attached "Draw Activity" report and found them to be in agreement.
- E. For each drawing selected, we compared the amount of sales, actual fixed prizes and share of fixed prizes shown on the "Draw Activity" report to the amounts shown on the applicable Big Game Prize Settlement Reports and found them to be in agreement.
- F. The amount shown as the total of the actual fixed prizes and the total of the share of fixed prizes on the "Draw Activity" report were compared to the applicable amounts shown on the "Fixed Prize Analysis" (Exhibit II) and found to be in agreement.
- G. For each amount (if any) listed in the "Cost of Jackpot Prizes" column on the attached "Draw Activity" report, we compared the "cost of jackpot prize" amount to the Virginia Lottery's cash disbursement subsidiary records which summarize the funds dispersed to the prize winner and the broker from which the jackpot annuities were purchased and found them to be in agreement.
- H. For each purchase (if any) of investments associated with the jackpot prizes:
 - 1) We obtained broker confirmations and noted that the investments were properly funded solely through the purchase of 100 percent United States Government STRIP Bonds; and
 - 2) We obtained the bid sheets and supporting documentation and noted that the investments were purchased properly through a competitive bidding process involving a minimum of three primary brokerage firms.
- I. We compared the total of the quarterly transfers to the Virginia Lottery for settlement of the fixed prize liability as shown in the Virginia Lottery's cash disbursement subsidiary records to the amount listed in the "Transfers" column on the "Fixed Prize Analysis" report attached as Exhibit II and found them to be in agreement.
- J. We compared the balance listed as the Virginia Lottery's receivable or payable as of March 31, 2001 for the fixed prizes as shown on the "Fixed Prize Analysis" report to the Virginia Lottery's financial accounting records and to the Big Game Prize Settlement Report as of March 31, 2001 and found them to be in agreement.

We were not engaged to, and did not perform an audit or an examination, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion here. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

AUDITOR OF PUBLIC ACCOUNTS

KKH:whb
whb:32

The Big Game
Virginia State Lottery Department
Draw Activity
For the Period Ending March 31, 2001

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (purchased by Virginia)
04/04/00	\$ 635,029	\$ 227,735	\$ 117,071	\$ -
04/07/00	713,151	82,482	97,043	-
04/11/00	767,706	83,630	81,674	-
04/14/00	941,776	92,387	120,615	-
04/18/00	1,038,116	268,228	154,318	-
04/21/00	1,272,637	474,430	271,111	-
04/25/00	1,582,659	202,001	291,846	-
04/28/00	2,975,177	478,002	461,152	-
05/02/00	3,947,350	1,039,137	710,753	-
05/05/00	8,747,208	1,707,184	1,434,201	-
05/09/00	16,470,841	3,057,236	2,739,582	-
05/12/00	843,389	96,015	170,509	-
05/16/00	591,922	56,253	94,076	-
05/19/00	632,303	61,776	88,213	-
05/23/00	641,645	59,293	85,366	-
05/26/00	703,441	89,885	104,118	-
05/30/00	690,884	62,319	113,019	-
06/02/00	799,350	94,591	205,804	-
06/06/00	818,416	82,140	105,465	-
06/09/00	907,299	102,046	173,149	-
06/13/00	507,402	75,805	133,809	-
06/16/00	522,262	66,289	76,514	-
06/20/00	514,406	55,554	56,180	-
06/23/00	558,528	71,303	83,678	-
06/27/00	542,175	69,592	91,446	-
06/30/00	629,756	64,416	105,112	-
07/04/00	568,123	205,736	123,855	-
07/07/00	714,914	63,720	137,246	-
07/11/00	701,268	222,184	117,050	-
07/14/00	798,643	85,069	111,373	-
07/18/00	829,441	244,555	131,842	-
07/21/00	979,196	249,751	218,845	-
07/25/00	1,084,176	97,095	184,464	-
07/28/00	1,389,510	302,205	264,959	-
08/01/00	514,033	58,326	92,451	-
08/04/00	518,374	66,874	74,565	-
08/08/00	505,620	46,234	49,970	-
08/11/00	560,276	76,023	134,859	-

Exhibit I, Cont.

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (purchased by Virginia)
08/15/00	\$ 557,345	\$ 66,415	\$ 85,701	\$ -
08/18/00	641,971	75,665	79,089	-
08/22/00	643,791	67,197	127,435	-
08/25/00	731,624	77,807	138,676	-
08/29/00	717,171	80,084	171,864	-
09/01/00	864,695	254,604	187,518	-
09/05/00	837,351	73,977	147,080	-
09/08/00	1,052,754	265,906	215,582	-
09/12/00	1,149,381	444,144	272,683	-
09/15/00	545,237	73,232	73,747	-
09/19/00	476,156	45,641	71,183	-
09/22/00	533,777	67,098	109,221	-
09/26/00	506,796	52,887	56,309	-
09/29/00	572,767	64,326	109,386	-
10/03/00	588,553	62,106	94,088	-
10/06/00	641,980	217,472	185,482	-
10/10/00	635,817	228,518	87,376	-
10/13/00	724,929	61,882	97,644	-
10/17/00	704,283	72,966	95,249	-
10/20/00	461,296	46,885	75,663	-
10/24/00	426,512	43,556	48,109	-
10/27/00	484,267	45,200	65,698	-
10/31/00	472,206	44,035	62,673	-
11/03/00	543,658	58,374	77,389	-
11/07/00	531,323	45,229	80,399	-
11/10/00	588,939	56,129	69,174	-
11/14/00	579,764	73,203	108,009	-
11/17/00	667,121	75,355	99,878	-
11/21/00	631,204	65,817	65,110	-
11/24/00	674,856	64,830	151,999	-
11/28/00	768,696	229,810	162,214	-
12/01/00	482,408	51,955	82,286	-
12/05/00	425,294	43,301	58,508	-
12/08/00	473,599	337,233	102,145	-
12/12/00	467,488	42,375	61,938	-
12/15/00	521,623	51,677	72,374	-
12/19/00	488,200	50,063	78,391	-
12/22/00	584,193	59,743	105,053	-
12/26/00	516,722	49,465	80,150	-
12/29/00	651,456	75,607	135,940	-
01/02/01	578,725	543,518	198,736	-
01/05/01	679,369	232,781	139,245	-
01/09/01	683,124	223,308	150,807	-

Exhibit I, Cont.

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (purchased by Virginia)
01/12/01	877,970	401,838	137,921	-
01/16/01	\$ 989,179	\$ 103,451	\$ 141,109	\$ -
01/19/01	1,225,439	298,902	206,454	-
01/23/01	1,364,667	322,689	214,003	-
01/26/01	2,012,341	670,659	379,742	-
01/30/01	3,118,406	511,321	517,416	-
02/02/01	638,875	90,272	103,612	-
02/06/01	524,996	55,318	77,412	-
02/09/01	583,906	70,862	119,176	-
02/13/01	473,475	40,979	60,769	-
02/16/01	516,802	198,930	132,915	-
02/20/01	501,141	55,822	68,368	-
02/23/01	536,181	60,800	101,110	-
02/27/01	551,677	217,387	128,719	-
03/02/01	627,389	211,420	104,853	-
03/06/01	611,636	200,887	170,849	-
03/09/01	476,964	85,582	203,862	-
03/13/01	457,080	197,728	62,109	-
03/16/01	507,987	47,193	108,103	-
03/20/01	496,053	44,927	48,576	-
03/23/01	546,612	51,411	132,221	-
03/27/01	540,121	55,612	90,003	-
03/30/01	629,504	74,325	81,804	-
TOTAL	\$103,475,224	\$19,567,192	\$17,935,610	\$ -

The Big Game
Virginia State Lottery Department
Fixed Prize Analysis
For the Period Ending March 31, 2001

State	Balance as of April 1, 2000 Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Quarterly/ Yearly Settlement Transfers	Balance as of March 31, 2001 Receivable (Payable)
Georgia	\$ 682,990	\$ 36,866,680	\$ 37,752,710	\$ (320,067)	\$ (523,107)
Illinois	(569,131)	40,130,700	39,408,382	23,054	176,241
Massachusetts	226,258	20,095,792	19,373,528	(287,448)	661,074
Maryland	(322,945)	12,193,798	12,539,585	728,243	59,511
Michigan	1,175,833	35,836,873	36,121,710	(717,191)	173,805
New Jersey	(48,293)	48,355,682	49,915,192	82,602	(1,525,201)
Virginia	(1,144,712)	19,567,192	17,935,610	490,807	977,677
TOTAL	\$ -	\$ 213,046,717	\$ 213,046,717	\$ -	\$ -